

Message Text

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PAGE 01 BRUSSE 09954 01 OF 02 231138Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03

NSAE-00 OMB-01 PM-05 OES-07 SP-02 SS-15 STR-07

TRSE-00 ACDA-12 NSCE-00 SSO-00 ICAE-00 INRE-00

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USEEC

E.O.11652: N/A

TAGS: ENRG, EEC

SUBJECT: US/EC CONSULTATIONS: EC BRIEF FOR ENERGY

-- DISCUSSIONS

REF: BRUSSELS 8629

1. AN EC COMMISSION OFFICIAL HAS GIVEN US IN CONFIDENCE

A COPY OF THE BRIEFING PAPER ON ENERGY POLICY PREPARED BY
THE DIRECTORATE GENERAL FOR ENERGY (DG-XVII) FOR THE US/EC
CONSULTATIONS MAY 25-26. THIS PAPER IS REPEATED IN FULL
BELOW: BEGIN TEXT:

2. BRIEF FOR DISCUSSIONS ON ENERGY POLICY

A BACKGROUND BRIEF ON THE ENERGY SITUATION AND POLICIES
OF THE USA AND THE EEC IS ATTACHED. PARTICULAR TOPICS
WHICH COULD BE DISCUSSED ARE AS FOLLOWS:

(I) WORLD ENERGY PROSPECTS

THE IMMEDIATE WORLD ENERGY SITUATION POSES NO PROBLEMS;
SUPPLY (PARTICULARLY OF OIL) IS ABUNDANT, AND WORLD OIL
PRICES RELATIVELY STABLE. OPEC HAS AVOIDED AN OPEN SPLIT,
ALTHOUGH THERE HAVE BEEN INTERNAL DISSENSIONS. HOWEVER,
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PAGE 02 BRUSSE 09954 01 OF 02 231138Z

THE COMMISSION'S VIEW REMAINS THAT WE FACE THE DANGER THAT
PROJECTED OIL DEMAND IN THE 1980'S WILL LEAD TO STRONG
RENEWED PRESSURE ON WORLD OIL PRICES--WHICH COULD HAVE
SERIOUS EFFECTS, UNLESS DETERMINED ACTION ON ALTERNATIVES
TO OIL CONSUMPTION ARE TAKEN NOW (CONSERVATION, COAL,
NUCLEAR, NEW SOURCES). DOES THE USA SHARE THIS BASIC
DIAGNOSIS? WHAT IS THE USA'S VIEW OF THE FUTURE DEVELOP-

MENT OF OPEC AND OF ITS LIKELY PRICING POLICY?

(II) WESTERN INDUSTRIAL SUMMIT

ENERGY POLICY WILL PROBABLY BE A MAJOR POINT AT THE SUMMIT.

THE USA'S LIKELY APPROACH TO THE SUBJECT IN THAT FORUM
COULD BE USEFULLY DISCUSSED. THE COMMISSION'S LINE AT THE
SUMMIT MAY BE:

A) EFFORTS BY THE INDUSTRIALIZED COUNTRIES IN THE ENERGY
FIELD (PRODUCTION, CONSERVATION, OIL IMPORT LIMITATION)
HAVE BEEN INADEQUATE;

B) CAN FIRM COMMITMENTS ON OIL IMPORT LIMITS (THE COMMIS-
SION IS PROPOSING 500 M. TONS P.A. BY 1985 FOR THE
COMMUNITY) BE AGREED AND FIRMLY IMPLEMENTED?

C) WHAT CAN BE DONE TO ACCELERATE THE CONTRIBUTION OF NEW
SOURCES AND OF COAL?

D) MEANS OF BREAKING THE LINK BETWEEN ECONOMIC AND ENERGY
GROWTH SHOULD BE STUDIED URGENTLY; "THE LOW ENERGY GROWTH
SOCIETY" NEED NOT ENTAIL LOW ECONOMIC GROWTH--BUT WILL
INVOLVE STRUCTURAL ECONOMIC CHANGE, AND WILL HELP THE
DEVELOPING COUNTRIES. WORK IN THE UN ON THE DEVELOPING
COUNTRIES' ENERGY PROBLEMS SHOULD BE ENCOURAGED.

E) THE POSSIBILITY OF ESTABLISHING A PERMANENT WORLD
REVIEW OF OIL SUPPLY AND DEMAND SHOULD BE CONSIDERED,
INVOLVING PRODUCERS, CONSUMERS AND THE DEVELOPING
COUNTRIES.

(III) USA ENERGY POLICY

WHAT IS THE LATEST POSITION ON THE PASSAGE AND IMPLEMENTA-
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PAGE 03 BRUSSE 09954 01 OF 02 231138Z

TION OF THE US ENERGY BILL? WHAT ARE THE LIKELY ENERGY
EFFECTS OF THE SORT OF LEGISLATION WHICH MAY NOW EMERGE?
IN PARTICULAR, TO WHAT EXTENT CAN THE CARTER TARGETS FOR
1985 OF REDUCING OIL AND OIL PRODUCT IMPORTS TO 300 M.
TONS P.A. (PRESENT LEVEL, 450 M. TONS), AND OF DOUBLING
COAL PRODUCTION, NOW BE ACHIEVED? WHAT IS THE ADMINISTRA-
TION'S LATEST THINKING ABOUT THE CRUDE OIL IMPORT LEVY
WHICH HAS BEEN SUGGESTED IF CONGRESS FAILS TO PASS A
CRUDE OIL TAX?

(IV) EEC POLICY

THE COUNCIL WILL MEET ON THE 30TH MAY, TO CONSIDER A
PACKAGE OF MEASURES INCLUDING: SUPPORT FOR COAL-BURN
INVESTMENT AND FOR INTRA-COMMUNITY COAL TRADE; SUPPORT FOR
HYDRO-CARBON EXPLORATION, FOR ENERGY SAVING DEMONSTRATION
PROJECTS, AND FOR THE EXPLOITATION OF NEW SOURCES; MEASURES
TO HELP THE REFINERY INDUSTRY; AND A RESOLUTION INCORPORAT-
ING THE PROPOSED 500 M. TON OIL IMPORT LIMIT. ACCEPTANCE
OF THESE MEASURES WILL MARK REAL PROGRESS IN COMMUNITY
POLICY MAKING.

(V) NUCLEAR

QUESTIONS SUCH AS INFCE, US NUCLEAR FUEL SUPPLIES AND THE NUCLEAR PROLIFERATION ACT, ARE COVERED IN A NOTE BY DG-XII.

SAFEGUARDS

BEYOND THE NORMAL INSPECTION EFFORT MADE UNDER THE EURATOM TREATY, A CONSIDERABLE NUMBER OF INSPECTIONS HAVE BEEN PERFORMED IN IMPLEMENTATION OF THE AGREEMENTS WITH IAEA.

133 INDIVIDUAL FACILITY ATTACHMENTS (F.A.'S) HAVE BEEN AGREED WITH IAEA AND WILL ENTER INTO FORCE, ON A ROUTINE BASIS, ON 1ST JUNE. SOME ADDITIONAL F.A.'S WILL PROBABLY BE AGREED BY THE BEGINNING OF JUNE AND THE END OF JULY. THESE F.A.'S WILL IN PARTICULAR COVER SOME SENSITIVE

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PAGE 01 BRUSSE 09954 02 OF 02 231139Z
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INSTALLATIONS AND COMPLETE THE SPECTRUM OF PLANT CATEGORIES FOR WHICH F.A.'S HAVE BEEN AGREED UPON WITH VIENNA. ALL THE REMAINING F.A.'S SHOULD BE FINALIZED BY THE END OF SEPTEMBER.

PROGRESS ON THE IMPLEMENTATION OF THE SAFEGUARDS AGREEMENTS WITH IAEA HAS MET SOME DELAYS FOR WHICH EURATOM CANNOT TAKE THE RESPONSIBILITY, SINCE THEY ARE DUE TO NEW FUNDAMENTAL POLICY DEVELOPMENTS CONCERNING SHORT DETECTION TIMES AND THE RELATED QUANTITIES OF NUCLEAR FUEL INVOLVED. IN THIS RESPECT WE ARE GRATEFUL TO THE US FOR THE SUPPORT THAT EURATOM HAS RECEIVED FOLLOWING SOME UNJUSTIFIED ASSERTIONS BY THE USSR.

ON THE OTHER HAND ACTUAL INSPECTION EXPERIENCE HAS TO BE GAINED BEFORE WE ENTER INTO FORMAL COMMITMENTS ON NEW STRINGENT REQUIREMENTS, INCLUDING SHORT DETECTION TIMES.

IT WOULD THEREFORE BE USEFUL TO KNOW WHAT VIEWS THE US NOW
HAVE ABOUT THE PRACTICABILITY AND EFFECTIVENESS OF SHORT
DETECTION TIMES. END TEXT. HINTON

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